

Brussels, 3 August 2015

Orgalime comments on the Study on Socioeconomic Impacts of Increased Reparability¹

Orgalime appreciates the possibility to comment on the draft report on the socioeconomic and environmental impacts of increased reparability of products in the European Union (“the draft Report”), as currently carried out by BIO by Deloitte, ICF-GHK and SERI on behalf of the European Commission. The main objective of this report is to present cases studies with reparability requirements relevant for domestic washing machines, domestic dishwashers², vacuum cleaners and coffee machines. It describes a ‘business-as-usual’³ scenario concerning the number of repairs, which is compared to 11 ‘alternative scenarios’. In the annex, we provide comments on each of these alternative scenarios.

In general, we take positive note of the appropriate differentiation made between consumer and industrial products⁴. Indeed, 80% of Orgalime’s membership in terms of turnover relates to capital goods and durable consumer goods that, more often than not are in a world leadership position at the level of productivity, in material technology, energy efficiency or other resource efficiency technologies. It is of course essential to recognise the inherent differences between consumer products and capital goods in terms of overall purpose, reliability, safety, durability or maintenance requirements. Regarding repair, the draft report correctly states that industrial products are often subject to individual contracts with provisions on repair and maintenance.

Nevertheless, there are also a number of areas where we see the need for improvement in the draft report. Most importantly, we find that it looks at reparability too narrowly, in particular without applying a proper life-cycle impact analysis. Focusing only on the waste phase hinders innovation and risks shifting burden to other life-cycle phases. It follows that we do not find the results of this draft report suitable for being used for other product groups. Indeed, only a product-group specific case-by-case impact assessment can determine the feasibility of new requirements.

In concrete terms, we would like to make the following four recommendations:

Recommendation 1: A reliable assessment of reparability requires a life-cycle perspective to lead to overall sustainable product improvements

The methodology used by Bio Deloitte contains some elements of the existing ecodesign implementation methodology, MEErP, which implements the indispensable life cycle perspective that truly sustainable product policy requires. However, no full MEErP study has been carried out.

¹ Available at: Under completion

² Dishwashers and washing machines are currently undergoing revision under the Ecodesign Directive

³ Section 5.3, *baseline scenario*, page 34

⁴ Section 3, *selection of product groups*, page 15

Orgalime, the European Engineering Industries Association, speaks for 43 trade federations representing some 130,000 companies in the mechanical, electrical, electronic, metalworking & metal articles industries of 24 European countries. The industry employs some 10.3 million people in the EU and in 2014 accounted for more than €1,825 billion of annual output. The industry accounts for over a quarter of manufacturing output and a third of the manufactured exports of the European Union.

As such, there are no findings concerning the environmental impacts of the proposed reparability requirements in the draft report, because the EcoReport tool has not been used⁵.

We underline that a full Ecodesign preparatory study would be needed to assess the feasibility of setting reparability requirements for any product group under that Directive. Indeed, repair must be assessed from a life-cycle perspective. The draft report correctly points out that re-use and extension of product lifetime are priorities under the Waste Framework Directive⁶. However, an isolated focus on product aspects arising at the waste phase risks environmental burden shifting in the life cycle and hinders innovation of other aspects, such as energy efficiency or substance performance. The confirmed overriding impact phase for the majority of energy related products is the use phase, not the waste phase.

Furthermore, repairs must be practically feasible and economically viable in practice. These have to be carried out by qualified personnel in accredited repair centres in respect of all relevant EU technical and safety legislation (see detailed comments in annex).

Finally, a recent study from the German Environment Agency⁷ highlights the trend that consumers increasingly exchange their appliances despite that they are still fully functional for various reasons and shows a correlation between the initial products sale price and its durability. Indeed, consumers might have new needs (larger family, moving etc.) and therefore good reasons to buy a new product rather than repairing old ones.

We take the view that additional requirements on reparability for domestic dishwashers and washing machines cannot be included in the ongoing revisions of existing ecodesign implementation measures on the basis of this study. Indeed, a full MEERP preparatory study, with a full life-cycle analysis, would be required to scrutinise the feasibility of setting such requirements for the purpose of the holistic Ecodesign Directive.

Recommendation 2: Do not extrapolate the study results to other product groups

We recommend that the results of this draft report should not be extrapolated to other product groups, such as TVs, ICT equipment, etc. Indeed, these have completely different characteristics and would require each their own case by case life cycle in-depth studies. Carrying out repairs of products requires trained professionals and adequate testing, both, for safety, reliability and also functionality purposes.

The same applies to capital goods and durable consumer goods. Indeed, they last 10, 20, 40 years or more and end up in highly critical applications, such as power plants, manufacturing sites, industrial plants, airplanes, airports, hospitals or automotive applications. After sales, maintenance and other services are an integrated and increasing share of companies' growth area rather than initial product sales price. Remanufacturing is a practice applied by many companies in the business-to-business segment since many years.

As stated before, we welcome the explicit separation of consumer from industrial products due to their different characteristics, applications, costs, life-spans and user-requirements. Nevertheless, it seems that section 3⁸ of the draft report erroneously groups together professional and household appliances, assigning similar but untrue characteristics. Consumer products and professional appliances should be clearly separated in all sections of the draft report, taking into account their inherent differences.

⁵ Section 8.1, *environment impacts*, page 57

⁶ Section 5.3, *baseline scenario*, Page 35

⁷ Report on planned obsolescence (in German), February 2015, [see link](#)

⁸ Section 3, *selection of suitable product groups*, pages 15-19

It follows that the results of the draft report cannot form a precedent for any other products. As is required by the Ecodesign preparatory study process, a product-group specific case-by-case impact assessment would be required and the necessary standards would have to be available before ecodesign requirements could be considered.

Recommendation 3: Consider the impacts on industry, cost-efficiency and the limitations of using the Ecodesign Directive

The draft report suggests three types of requirements for the given four case studies to be set under the Ecodesign Directive⁹: information provisions on repairs, requirements on product design to facilitate dismantling and reparability and service provision requirements. The study contractors concluded that there would overall be no negative impact on industry stemming from such requirements.

We, however, stress that expected impacts can be considerable, ranging from undermining the ongoing energy efficiency investments taken by the companies in the affected sector for the ongoing implementation of the Ecodesign Directive, negative consequences due to forced release of confidential know how, business information or infringement of Intellectual Property Rights, up to additional administrative burden created with doubtful environmental benefit. If dismantling requirements came into place, bulkier products could be the consequence, which would render obsolete gluing and plastics welding technologies developed in Europe to meet functionality requirements. The impacts on SMEs should be particularly considered.

Furthermore, the availability of spare parts is an issue, which first of all would have to be consistently tackled throughout the entire EU acquis: while under the Circular Economy debate, manufacturers are asked to keep spare parts available as long as possible, the current REACH Regulation does not allow the availability of certain spare parts. Such policy conflicts need to be resolved first. In the given case, we believe that the existing 'repair as produced' principle of sector specific chemicals legislation, notably the RoHS Directive but also the End of Life Vehicles Directive, should also be codified in the REACH Regulation.

Consequently, we believe that there are limits to the type of requirements that the Ecodesign Directive can realistically tackle, bearing in mind the criteria and guiding principles of the Ecodesign Directive and its article 15 in particular. Indeed, requirements set under the Ecodesign Directive must be significantly improving the product's environmental performance over the life cycle without entailing excessive costs.

Recommendation 4: Revise the data concerning the socioeconomic aspects

The draft report stipulates that by increasing reparability and access to spare parts, the repair sector would flourish, meaning that more jobs would be created. This statement is based upon the assumption that consumers would indeed choose to purchase second hand washing machines and dishwashers, which is an assertion that can be disputed. Also, it is said that such repair tasks are low-skilled jobs which means it can give access to the labour market for people who might otherwise be excluded. This is, however, not the case for washing machines, which are complex products with waterproof materials and electronics to steer the temperature etc. Likewise, other product groups mentioned, such as televisions and ICT equipment, require highly skilled professionals and expensive testing of equipment for reliable repairs, including for safety and functionality reasons.

⁹Section 4, *selection of reparability requirements*, Page 24

Furthermore, the draft report argues that increased reparability would lead to jobs being lost in industry due to the decrease in sales of new products, which seems to contradict the net job growth potential.

While it is difficult to draw a final conclusion on this due to the limited data sources used in the draft report¹⁰, it seems premature to conclude that a boost in employment is the likely outcome of the suggested requirements. The figures in this section in our view require a somewhat more balanced review.

Please see the Annex for our detailed comments on the 11 'alternative scenarios'.

We would like to thank the study contractors in advance for taking our suggestions into consideration for the final draft of the report.

In conclusion

Orgalime welcomes the possibility to comment on the Draft Report Socioeconomic Impacts of Increased Reparability, which especially acknowledges the necessary distinction between consumer and industrial products.

We promote four main recommendations, namely:

- to embed the debate on reparability of products into a full life cycle perspective to minimise a product's life cycle impacts rather than improving its end of life performance while risking not scientifically supported compromises on other important environmental product aspects, notably energy efficiency or substance use, but also product safety, reliability, functionality, affordability or cost efficiency.
- to clearly respect the inherent boundaries of this study that targets four specific white goods but does not allow extrapolations beyond its scope.
- to validate the study through better reflection on imminent impacts on industry, and
- to improve the data and assessment of socio-economic aspects.

In our view, the draft report focuses too narrowly on the waste phase related aspects of a product. It is however imperative to consider the whole life-cycle of a product to know exactly where optimisation potentials exist without detrimental side effects from an environmental, economic or social perspective.

Indeed, this draft report is not only relevant for the ongoing wider debate on Circular Economy. For Orgalime's general position on Circular Economy and response to the Commission's public consultation, please refer to our website¹¹.

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¹⁰ Examples from UK, France and Germany are used

¹¹ See www.orgalime.org

ANNEX: Detailed comments on the 11 alternative scenarios

Bio Deloitte final assessment/recommendation	Orgalime comments/proposed changes
<p>Chapter 6.2: Description of alternative scenarios</p>	
<p>6.2.1 Alternative scenario 1: Mandatory availability of spare parts for at least a certain amount of years from the time that production ceases</p> <p>Under this alternative scenario, the Commission would impose mandatory measures to ensure that spare parts will be available for at least a certain amount of time. Specifically, measures in place would safeguard the availability of parts during the technical lifetime of the products, meaning:</p> <ul style="list-style-type: none"> • Washing machines: 12.5 years; • Dishwashers: 12.5 years; • Vacuum cleaners: 8 years; • Coffee machines: 10 years. <p>(Page 46)</p>	<p>Spare parts are kept depending on the demand from repair services and manufacturers experience. For some spare parts, the demand is quasi inexistent, therefore it would be unproductive to keep more spare parts than needed. It would create more waste to be treated.</p> <p>If a product needs to be repaired, consumers have the choice of repairing it or buying a new one, depending on both economic reasons and individual preferences. The consumer may have new needs: moving home, a larger family, a desire for new technology... The cost of the spare part is only part of the full cost of carrying out a repair. A repair process includes not only the spare part itself, but also ²production, warehousing, handling, logistics and the labour costs of all parties. Moreover, verifying the compliance of such requirement will be challenging, especially for manufacturers based only outside the EU.</p> <p>Such an obligation has also to be put in perspective with the European Commission new ecodesign proposals to limit the availability of spare parts to a certain number of years (example of fans). Therefore in some cases, both requirements would be contradicting each other.</p> <p>We would like to ask for more information on how the suggested timelines for the mandatory availability of spare parts have been developed.</p>
<p>6.2.2 Alternative scenario 2: Mandatory provision of information on reparability of products towards the consumers</p> <p>This scenario refers to the adoption of mandatory measures for the provision of information at the place of sale, brochures, internet sites, about reparability of products towards the consumers. Practical information includes mainly aspects on the availability, means for ordering and costs of spare parts, and on availability of instructions or software for troubleshooting. It also includes information about the availability of a take-back system of failed products including conditions, instructions and possible fees. Technical information entails the following aspects:</p> <ul style="list-style-type: none"> • Availability of free information to facilitate repair, specifically: • Instructions for troubleshooting; • Diagnosis software; 	<p>There is a difference between a product that needs to be repaired and a product that has reached its end-of-life and has become waste. In this latter case, there are already existing information obligations for manufacturers under the WEEE2 Directive. Regarding the availability of free instructions for troubleshooting, it should be mentioned that information on major troubleshooting are already provided by manufacturers in the user manuals and made available to the consumers with the device. Manufacturers are also providing further information on serviceability to help consumers if a repair is needed.</p> <p>The suggested free information for disassembly can only be made available for maintenance purposes (for example, emptying washing machine filter or changing vacuum cleaner bags or cleaning filters) and not for self-repair purposes. Indeed to ensure consumer safety, repairs should always be undertaken by properly qualified repair service</p>

<ul style="list-style-type: none"> • Information relevant for disassembly. • Possibility of breaking down the product. <p>(page 47)</p>	<p>personnel and should not be carried out by consumers.</p> <p>Finally, we seek more clarification of the term “failed products”.</p>
<p>6.2.3 Alternative Scenario 3: Mandatory provision of information to facilitate repair to repair professionals</p> <p>Alternative Scenario 3 entails the development of measures for the mandatory provision of technical information to repair professionals. The industry would be required to report at an annual basis on the measures taken and their effect. The expected result of this scenario would be to enhance the access to information for professional and decrease the effect of cost barriers that currently hinder the increase of repairs.</p> <p>Technical information entails the following aspects:</p> <ul style="list-style-type: none"> • Instructions for troubleshooting; • Diagnosis software; • Information relevant for disassembly. <p>(page 47)</p>	<p>Most manufacturers are already providing repair information and software to accredited repair services. It is a common practice. Qualified, trained and certified repair services provide consumers with the right level of service quality. Consumers cannot undertake repair, because they do not have the necessary training and the technical knowledge. EU technical and safety legislation needs to be respected.</p>
<p>6.2.4 Alternative Scenario 4: Mandatory provision of information to consumers to facilitate repair</p> <p>Alternative Scenario 4 entails the development of measures for the mandatory provision of basic technical information to consumers that would allow them to carry out certain types of repairs on their own.</p> <ul style="list-style-type: none"> • Technical information entails the following aspects: • Instructions for simple troubleshooting; • Information relevant for simple repairs. <p>(page 47)</p>	<p>Regarding the availability of free instructions for troubleshooting, it should be mentioned that information on major troubleshooting is already provided by manufacturers in the user manuals, made available to the consumers with the device. Manufacturers are also providing further information on serviceability to help consumers if a repair is needed.</p> <p>As already mention under scenario 2, free information relevant for disassembly can only be made available for maintenance purposes (such as emptying washing machine filter or changing vacuum cleaner bags or cleaning filters) but not for self-repair purposes. Indeed to ensure consumer safety, repairs should always be undertaken by properly qualified repair service personnel and should not be carried out by consumers.</p>
<p>6.2.5 Alternative Scenario 5: Voluntary provision of information to facilitate repair to repair professionals</p> <p>In this scenario, the Commission would encourage the industry to provide technical information similar to that in Scenario 3 at a voluntary basis. Nevertheless due to the voluntary nature of this option, the benefits for the repair sector will be lower compared to scenario 3.</p> <p>(page 48)</p>	<p>As stated above, most manufacturers are already providing repair information and software to accredited repair services. It is a common practice. Qualified, trained and accredited repair services provide consumers with the right level of service quality. Consumers cannot undertake repair, because they do not have the necessary training and the technical knowledge. EU technical and safety legislation needs to be respected.</p>
<p>6.2.6 Alternative Scenario 6: Voluntary provision of information to consumers to facilitate repair</p> <p>In this scenario, the Commission would encourage the industry to provide technical information similar to that in Scenario 4 at a voluntary basis. Nevertheless due to the voluntary nature of this option, the benefits for the repair sector will be lower</p>	<p>As stated above, information on major troubleshooting are already provided by manufacturers in the user manuals, made available to the consumers with the device. Manufacturers are also providing further information on serviceability to help consumers if a repair is needed.</p> <p>Free information relevant for disassembly can only be made available for maintenance purposes (such</p>

<p>compared to scenario 4. (page 48)</p>	<p>as emptying washing machine filter or changing vacuum cleaner bags or cleaning filters) and not for self-repair purposes. Indeed to ensure consumer safety, repairs should always be undertaken by properly qualified repair service personnel and should not be carried out by consumers. EU technical and safety legislation needs to be respected.</p>
<p>6.2.7 Alternative Scenario 7: Mandatory measures to enable an easier and non-destructive dismantling of products This scenario, includes mandatory measures towards ensuring that reparability and particularly options for an easier dismantling are considered during the design phase of products. Measures would mostly focus on the avoidance of permanent fixes and on an enhanced accessibility to inner parts. This alternative scenario is expected to benefit both the professionals that carry out repairs during the mid-life of appliances and the facilities that treat products at their end-of-life. Concerning the second category of professionals, an easier dismantling would not only facilitate the refurbishment of products but would also allow a more effective treatment with a higher recovery of materials in cases where the refurbishment is not an economically or environmentally advantageous option. (page 48)</p>	<p>Reparability is taken into consideration by manufacturers when designing their products, because manufacturers have to be able to repair their own products.</p> <p>Specifying technical solutions on disassembly in the product design does however not correlate with the actual recovery and recycling technology applied at the end of the life of the product. It is difficult to foresee at the stage of product design what the recycling technology in place will actually be at the moment in time when the product will become waste.</p> <p>Setting a dismantling description for non-destructive dismantling would be meaningful only if products were actually dismantled in the prescribed way at the end of life. In recycling practices and waste management reality, however, there is a high level of likeliness that the recycler will “just” shred the waste products and sort the materials with advanced technologies, while manufacturers would have designed the product for a different type of disassembly.</p> <p>Recyclers are trying to optimise the balance of treatment cost-output value. The decisive factor is economic and depends on time but also labour costs and the benefit gained with dismantling instead of shredding. This latter depends then on recycled material quality and market prices. This aspect cannot be measured during the design phase. Recyclers, as any other industry, continuously work to improve efficiency and increase profits.</p> <p>Liability issues need to be considered when granting access for market surveillance purposes. Therefore, setting such requirements must be cross-checked with other technical regulations. Furthermore, companies would be unlikely to publish sensitive information that is key to their business model. Information related to dismantling and disassembly should not be declared towards consumers to respect product safety and liability considerations. Innovation is essential for manufacturers, and can be achieved via the design of products. The freedom of manufacturers to innovate should be protected to ensure sufficient room for innovation in the household appliance sector.</p>
<p>6.2.8 Alternative Scenario 8: Voluntary measures to enable an easier and non-destructive dismantling of products</p>	<p><i>See comments under scenario 7</i></p>

<p>The measures under this scenario are similar to the ones taken under alternative scenario 5A. Given that these will be taken voluntarily, their aim will mainly to increase awareness among the industry about the potential environmental and economic benefits that an easier dismantling would bring to the industry and the society as a whole. (page 48)</p>	
<p>6.2.9 Alternative Scenario 9: Combination of scenarios 1 & 3 A combination of the Alternative Scenarios 1 and 3 is expected to facilitate significantly repairs made by professionals. The rationale of this scenario is that the mandatory provision of information related to repair activities would not generate the expected benefits, if the required spare parts are not available. (page 48)</p>	<p><i>See comments on each of these scenarios.</i></p>
<p>6.2.10 Alternative Scenario 10: Combination of scenarios 1 & 4 A combination of the Alternative Scenarios 1 and 4 is expected facilitate repairs carried out by users. The rationale of this scenario is that the mandatory provision of information related to repair would not generate the expected benefits, if the required spare parts are not available. (page 48)</p>	<p><i>See comments on each of these scenarios.</i></p>
<p>6.2.11 Alternative Scenario 11: Combination of scenarios 2 & 5 & 6 The Alternative Scenarios 2, 5 and 6 focus largely on increasing awareness on reparability issues and other aspects that relate to the life-cycle of products. Given that Scenario 5 and 6 are voluntary measures, Scenario 2 would enhance the awareness of consumers regarding the different reparability of products in the market, and would therefore promote manufacturers to facilitate the repair of their products. In this context, if combined, the scenarios are expected to enhance the overall benefits when compared to an implementation at an individual basis. (page 48)</p>	<p><i>See comments on each of these scenarios.</i></p>